

September 14, 2009

Federal Reserve Bank

Dear Sirs:

I wish to comment on the new Regulation Z requirement related to the CARD Act of 2009. In particular I address the non-credit card guidelines under the 21 day rule requiring a monthly statement to be sent out for all open end type loans.

Credit cards are not the only open end type loans we offer. Carolina Postal Credit Union uses open end loans for most of our offerings from home equities to personal loans, as do most credit unions. If the 21 day rule isn't changed to reflect only credit-card type loans, there will be a lot of costly and time-consuming work needed before compliance can be achieved.

Our members are primarily postal and government employees, who have always requested payroll deductions from their bi-weekly government checks as their preferred payment method. The costs we will incur in changing each of these loans from bi-weekly to monthly will be significant. Initial cost estimates just on postage, paper and rendering comes to nearly \$4,200.00 annually. The biggest challenge lies in estimating the work hours and overtime pay needed to accomplish the change. We have already cut staff in an effort to meet budget after the disastrous economic year we've all had. Our remaining staff faces a difficult job of reworking all of these loans in addition to their already expanded duties. It goes without saying that the expense of extra hours and stress to an already overworked staff will be substantial.

Of course, we are a credit union and a non-profit cooperative financial institution with the mission of people helping people. These additional compliance expenses will ultimately fall on our membership, the very ones the CARD Act was written to protect. Unlike the offending institutions the CARD ACT targets, Carolina Postal Credit Union has spent the last 75 years writing sensible loans with easy to understand terms and no hidden fees or costs. Our credit card accounts are no different. Because our mandate is to help our member achieve his American dream, we haven't succumbed to the temptation to "nickel and dime" our membership to pad the bottom line, and we never will. It's their money, and we take the stewardship of their funds very seriously. However, the added costs of adherence to these new rules could require increases in fees or, worse, decreases in other services to maintain our current service levels. While we clearly understand and agree with the protections in the CARD Act for our members, extending these regulations to all open-end type loans would clearly impact them financially in a very direct way.

Please consider making any non-credit card loans outside the 21 day rule. If the decision is ultimately to keep this change, then we would ask that you consider making the change effective going forward. This would allow us to keep the current non-credit card loans on the books the way the member requested them, and save the time-consuming task of changing due dates and terms on hundreds of existing loans. Our members are already

suffering financial losses in many ways due to the economy. Please don't ask us to use their hard-earned funds to expense this regulation that serves them in no appreciable way.

Thank you for your time and consideration.

Sincerely,

Michelle McGee
Carolina Postal Credit Union
Executive Vice President